

(ATTACHMENT C)

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

**FILED**

02/14/23

09:44 AM

A2107001

Application of Great Oaks Water  
Company (U-162-W) for an Order  
authorizing it to increase rates charges  
for water service by \$2,618,705 or  
12.05% in 2022, by \$1,762,136 or 7.23%  
in 2023, and by \$1,879,770 or 7.20%  
in 2024.

Application No. 21-07-001

Filed: July 1, 2021

**CORRECTED**

**PARTIAL SETTLEMENT AGREEMENT BETWEEN THE PUBLIC  
ADVOCATES OFFICE OF THE CALIFORNIA PUBLIC UTILITIES  
COMMISSION AND GREAT OAKS WATER COMPANY**

Pursuant to Article 12 of the Rules of Practice and Procedure (Rule or Rules) of the California Public Utilities Commission (Commission), the Public Advocates Office at the California Public Utilities Commission (Cal Advocates) and Great Oaks Water Company (Great Oaks) (referred together as “the Settling Parties”), have agreed upon the terms and conditions of this Corrected Partial Settlement Agreement (Partial Settlement Agreement), which the Settling Parties now submit for review, consideration, and approval by the assigned Administrative Law Judge and the Commission.

**I. GENERAL PROVISIONS**

A. Issues upon which the Settling Parties agree for purposes of this Partial Settlement Agreement are set forth and described in Section II. below. This Partial Settlement Agreement is based upon the stipulated evidence submitted by the

Settling Parties on the issues being settled, and pursuant to Rule 13.8(c), the Settling Parties will file a joint motion to enter the stipulated evidence into the record to form the factual basis of this Partial Settlement Agreement. To the extent necessary, references are provided to the evidence offered by Great Oaks and Cal Advocates, respectively, that is relevant to each issue.

**B.** Because this Partial Settlement Agreement represents a compromise of the Settling Parties' positions with respect to each issue addressed herein, the Settling Parties have agreed that approval of this Partial Settlement Agreement by the Commission shall not be construed as an admission or concession by either Great Oaks or Cal Advocates on any issue addressed herein as to any fact or matter of law that was or may have been in dispute in this proceeding. Consistent with Rule 12.5, the Settling Parties agree that approval of this Partial Settlement Agreement by the Commission shall not be construed as a precedent or statement of policy of any kind or import to the same or similar issues in this Partial Settlement Agreement.

**C.** The Settling Parties agree that this Partial Settlement Agreement is an integrated agreement, so that if the Commission rejects in whole or in part any portion of this Partial Settlement Agreement, either Great Oaks or Cal Advocates has the right to withdraw from this Partial Settlement Agreement. This Partial Settlement Agreement is being presented as an integrated agreement on all issues addressed herein rather than as separate agreements on each such issue.

**D.** This Partial Settlement Agreement is the product of a process of direct negotiations between the Settling Parties. There are no other parties or intervenors in this proceeding.

**E.** The Settling Parties agree that no signatory to this Partial Settlement Agreement assumes any personal liability as a result of his or her execution of this document. All rights and remedies of the Settling Parties pertaining to this Partial Settlement Agreement are limited to those available before the Commission.

**F.** This Partial Settlement Agreement may be executed in counterparts, each of which shall be deemed an original, and the counterparts together shall constitute one and the same instrument.

**G.** This Partial Settlement Agreement constitutes and represents the entire agreement between the Settling Parties and supersedes all prior and contemporaneous agreements, negotiations, representations, warranties, and understandings of the Settling Parties with respect to the subject matter set forth herein.

**H.** This Partial Settlement Agreement resolves many, but not all of the issues in this proceeding between Great Oaks and Cal Advocates.

**I.** Many elements of Great Oaks' application, accompanying testimony and exhibits, and responses to data requests were not and are not challenged by Cal Advocates and so do not present contested issues. Similarly, certain testimony and exhibits offered by Cal Advocates were and are accepted by Great Oaks and so also do not present contested issues. This Partial Settlement Agreement generally addresses all such issues that the Settling Parties were able to settle.

## **II. ISSUES RESOLVED BY THIS PARTIAL SETTLEMENT AGREEMENT**

### **A. General Issues**

1. Great Oaks is a California business with its principal place of business located at 20 Great Oaks Boulevard, Suite 120, San Jose, CA 95119. Great Oaks is owned by John Roeder and the John W.S. Roeder Continuing Trust.<sup>1</sup>

2. Great Oaks is engaged in the business of supplying and distributing potable water for domestic, commercial, industrial, municipal, and irrigation purposes in portions of the City of San Jose and in contiguous territory of Santa Clara County, California. Great Oaks is a Class A water utility because it has more than 10,000 customers.<sup>2</sup>

3. Great Oaks' State of California operating revenues in Calendar Year 2020 were \$24,021,299.<sup>3</sup>

<sup>1</sup> A.21-07-001: Joint Statement of Great Oaks Water Company and the Public Advocates Office in Compliance with January 3, 2022 E-Mail Ruling (Joint Statement), Stipulations – General Issues, Memorandum and Balancing Accounts, filed January 24, 2022, at 1.

<sup>2</sup> *Id.* at 1.

<sup>3</sup> *Id.* at 1.

4. Based upon all evidence presented and reviewed, Great Oaks currently is, and has been since the filing of this application, in compliance with all water quality regulations and requirements, and Great Oaks' water quality meets all applicable state and federal drinking water standards and provisions of Commission General Order No. 103-A.<sup>4</sup>

5. Based upon all evidence presented and reviewed, Great Oaks currently is, and has been since the filing of this application, in compliance with all applicable Commission General Orders, Water Industry Rules, and Ordering Paragraphs.<sup>5</sup>

6. Great Oaks has complied with all notice requirements pertaining to A.21-07-001, including Rule 3.2 of the Commission's Rules of Practice and Procedure.<sup>6</sup>

7. In the period of time since the filing of Great Oaks' last general rate case application (A.18-07-002), Great Oaks' service quality is in accord with the standard performance measure set by the Commission for complaints filed with the Commission's Consumer Affairs Branch (the standard being less than, or equal to, 0.1% of the Company's total customers). During that period of time, there have been zero (0) formal complaints filed with the Consumer Affairs Branch.<sup>7</sup>

**B. Water Sales Forecast, Private Fire Protection Service Customer Forecast, Agriculture Customer Forecast, Rate Design, Conservation Budget, and Sales Reconciliation Mechanism.<sup>8</sup>**

1. Water Sales Forecast. The Settling Parties agree upon the average water usage/sales per customer class for Test Year 2022/2023 as shown in the table below. The Settling Parties have reached this agreement using all appropriate considerations and the amounts are fair and reasonable.

**Average Annual Usage per Customer Class (ccfs)  
Test Year 2022/2023**

Customer Class	Average Annual Usage (ccfs)
Single-Family Residential	103.17
Multi-Family Residential	1,358.22
Business	1,101.23

<sup>4</sup> *Id.* at 1.

<sup>5</sup> *Id.* at 1.

<sup>6</sup> *Id.* at 2.

<sup>7</sup> *Id.* at 2.

<sup>8</sup> *See*, Joint Statement, Stipulations – Water Sales Forecast, Customers, Rate Design.

Industrial	1,261.26
Public Authority	1,230.18
Schools	2,915.07
Private Irrigation/Landscape	984.63
Agriculture	181.02

References: Exhibit GOWC-1, Exhibit D, Chapter 4; Exhibit GOWC-2 GRC Workpapers, WP3 Water Sales CCF; Exhibit GOWC-5 Rebuttal Testimony, pp. 15 – 16; Exhibit GOWC-6 Rebuttal Workpapers, WP3 Water Sales CCF; Exhibit CA-1 Cal Advocates Report, pp. 3-11 to 3-18; Exhibit CA-2 Cal Advocates RO Workpapers, WP3 Water Sales CCF.

2. Unaccounted-For Water Percentage. The Settling Parties agree that Great Oaks’ requested unaccounted for water percentage of 7.0% is just and reasonable and shall be applied to all water sales and production calculations for the three-year rate case cycle.

References: Exhibit GOWC-2, WP3; Exhibit GOWC-6, WP3; Exhibit CA-2, WP3.

3. Private Fire Protection Service and Agriculture Customer Forecasts. The Settling Parties agree upon the number of Private Fire Protection Service Customers and Agricultural Customers for Test Year 2022/2023, Escalation Year 2023/2024, and Attrition Year 2024/2025 as shown in the table below.

<b>Private Fire Protection Service and Agricultural Customers</b>			
Customers	TY 2022/2023	EY 2023/2024	AY 2024/2025
Private Fire Protection Service	350	354	258
Agriculture	8	8	8

References: Exhibit GOWC-1, Exhibit D, Chapter 4; Exhibit GOWC-2, WP11 – Customers, WP12 – Fire Protection Cust.; Exhibit GOWC-5, pp. 13 – 14; Exhibit GOWC-6, WP11 – Customers, WP12 – Fire Protection Cust.; Exhibit CA-1, pp. 3-8 to 3-9; Exhibit CA-2, WP11 – Customers, WP12 – Fire Protection Cust.

4. Rate Design – Service Charge and Uniform Quantity Charge Rate Calculation Method. Based upon Great Oaks’ relative proportion of fixed and variable costs, the Settling Parties agree that the current methodology utilized to calculate service charges and the uniform quantity charge is just and reasonable.

That methodology provides for the collection of 75% of fixed costs through service charges and all remaining costs (25% of fixed costs and 100% of variable costs) to be recovered through the uniform quantity charge and/or the tiered quantity charges for single-family residential customers. The Settling Parties have considered the percentages of fixed and variable costs recovered through service and quantity charges, as discussed in D.16-12-026, and agree that the rate design in the Partial Settlement Agreement that collects 75% of fixed costs through the service charge and 25% of fixed costs plus 100% of variable costs through the quantity charge to be fair and reasonable as a result of GOWC's lower relative amount of fixed costs.

References: Exhibit GOWC-2, WP47; Exhibit GOWC-6, WP47; Exhibit CA-1, p. 4-2; Exhibit CA-2, WP47.

5. Rate Design – Conservation (Tiered) Rates. The Settling Parties agree that the current rate design for conservation (tiered) rates, as approved through Great Oaks' Advice Letter 299-W is just and reasonable and shall continue unchanged, effective July 1, 2022. The factors to be applied to the uniform quantity rate to calculate the rates charged for each of the three tiers are shown in the table below.

**Conservation Rate Design**

Tier	Quantity	Factor Applied to Uniform Quantity Rate
1	0 – 12 ccfs Bi-Monthly	0.7110
2	13 – 20 ccfs Bi-Monthly	1.2270
3	Over 20 ccfs Bi-Monthly	1.4570

References: Exhibit GOWC-1, Exhibit D, Chapter 4; Exhibit GOWC-2, WP48; Exhibit GOWC-5, pp. 18 – 20; Exhibit GOWC-6, WP48; Exhibit CA-1, pp. 4-1, 4-3 to 4-4; Exhibit CA-2, WP48.

6. Rate Design – Customer Assistance Program Surcharge Calculation Method. The Settling Parties agree to continue utilizing the same method for calculating the Customer Assistance Program Surcharge. The calculation method is shown in the table below. The calculation shall use the number of "Participants" in the Customer Assistance Program as reported in the most recent month-end number in Great Oaks' compliance filings in R.17-06-024.

### CAP Cost and Surcharge Calculation

Meter Size	Monthly Charge	50% Discount	Yearly Discount	Participants	Totals
5/8" x 3/4"					
3/4" x 3/4"					
1-inch					
1.5-inch					
			Total CAP Cost		
			Divided by Non-CAP Sales		
			CAP Surcharge per CCF		

7. Conservation Budget. The Settling Parties agree to a conservation budget for the WaterSmart Program of \$134,650 for Test Year 2022/2023 and for Escalation Year 2023/2024 and Attrition Year 2024/2025 using applicable escalation factors. The expenses for the WaterSmart Program shall be recorded in Account 798 Outside Services.

References: Exhibit GOWC-1, Exhibit D, Chapter 9; Exhibit GOWC-2, WP6; Exhibit GOWC-5, pp. 4 – 6; Exhibit GOWC-6, WP6; Exhibit CA-1, Chapter 2; Exhibit CA-2, WP6.

8. Sales Reconciliation Mechanism. The Settling Parties agree that it is not appropriate to implement a Sales Reconciliation Mechanism. Great Oaks withdraws this request for this rate cycle.

References: Exhibit GOWC-1, Chapter 4; Exhibit GOWC-5, pp. 16 – 18; Exhibit CA-1, pp. 3-20 to 3-23.

### C. Operations & Maintenance Expenses<sup>9</sup>

1. The Settling Parties agree to the Test Year 2022/2023 Operations & Maintenance Expenses shown in the table below and that appropriate escalation factors shall be applied to these amounts for Escalation Year 2023/2024 and Attrition Year 2024/2025.

#### Operations & Maintenance Expenses Test Year 2022/2023

Account	Amount
Account 702 – Op. Labor & Expenses	\$15,774
Account 711 – Maintenance of Wells	\$27,240

<sup>9</sup> See Joint Statement, Stipulations – General Issues, Memorandum and Balancing Accounts and Stipulations – Operations & Maintenance Expenses, Administrative & General Expenses, Taxes.

Account 725 – Miscellaneous Pumping Expenses	\$7,887
Account 732 – Maintenance of Pumping Equipment	\$3,967
Account 744 – Chemicals	\$13,832
Account 753 – T&D Expenses	\$0
Account 754 – Meter Expenses	-\$9,448
Account 756 – T&D Miscellaneous Expenses	\$7,887
Account 758 – Maintenance – T&D Super. & Engr.	\$0
Account 760 – Maintenance – Reservoirs & Tanks	\$0
Account 761 – Maintenance – T&D Mains	\$151,579
Account 763 – Maintenance – Services	\$36,613
Account 764 – Maintenance – Meters	\$0
Account 765 – Maintenance – Hydrants	\$5,740
Account 772 – Meter Reading Expenses	\$17,334
Account 775 – Uncollectible Accounts Percentage <sup>10</sup>	0.1924%

References: Exhibit GOWC-1, Exhibit D, Chapter 5; Exhibit GOWC-2, WP4; Exhibit GOWC-6, WP4; Exhibit CA-1, p. 1-4; Exhibit CA-2, WP4.

2. Employees and Compensation. The Settling Parties agree upon the employment positions and compensation issues listed below and that the agreed upon resolution of these issues is just and reasonable.

References: Exhibit CA-1, pp. 6 – 10; Exhibit GOWC-1, Exhibit D, Chapter 5; Exhibit GOWC-2, WP10; Exhibit GOWC-5, pp. 30-31; Exhibit GOWC-6, WP10.

a. Senior Water System Operator. The Settling Parties agree that Great Oaks shall maintain the employment position of Senior Water System Operator at a base salary of \$92,000 per year for Test Year 2022/2023.

b. Controller. The Settling Parties agree that the position of Controller and its associated compensation shall be eliminated with an effective date of July 1, 2022.

c. Test Year 2022/2023 Salary Projections. The Settling Parties agree that for all other continuing employment positions, except Customer Service Representative and Water Quality Specialist/Environmental Services, Great Oaks' salary projections are accepted, are based upon a relevant salary survey, and are just and reasonable.

<sup>10</sup> Percentage is applied to Total Water Service Revenues, including CPUC Surcharges.



d. Customer Service Representative and Water Quality

Specialist/Environmental Services. The Settling Parties agree that the only remaining issues with respect to employees and salaries that comprise Great Oaks' Net Payroll Expense are whether the positions of Customer Service Representative and Water Quality Specialist/Environmental Services shall remain in rates and, if so, in what amounts for Test Year 2022/2023.

**D. Administrative & General Expenses<sup>11</sup>**

1. The Settling Parties agree to the Test Year 2022/2023 Administrative & General Expenses shown in the table below and that appropriate escalation factors shall be applied to these amounts for Escalation Year 2023/2024 and Attrition Year 2024/2025.

**Administrative & General Expenses  
Test Year 2022/2023**

Account	Amount
Account 792 – Office Expenses	\$49,632
Account 796 – Franchise Requirements Calculation Methodology	$(0.5652 \times \text{Total Operating Revenues}) \times 2\%$
Account 797 – Regulatory Commission Expenses	\$62,311
Account 799 – Miscellaneous General Expenses	\$185,253
Account 800 – Outside GRC Expense – Close Account	
Account 805 – Maintenance General Plant	\$72,512

References: Exhibit GOWC-1, Exhibit D, Chapter 5; Exhibit GOWC-2, WP6, Exhibit GOWC-5, pp. 32 – 43; Exhibit GOWC-6, WP6; Exhibit CA-1, pp. 7-12 to 7-13; Exhibit CA-2, WP6.

2. Passive Income Ratepayer Credit (proceeds from non-tariffed services). The Settling Parties agree that Great Oaks' customers shall receive a credit of \$113,626 in Test Year 2022/2023 from Great Oaks' passive non-tariffed services (leases of plant-in-service assets).

References: Exhibit GOWC-1, Exhibit D, Chapter 3; Exhibit GOWC-5, pp. 50 – 52; Exhibit GOWC-6, WP6; Exhibit CA-1, pp. 9-1 to 9-3; Exhibit CA-2, WP6.

<sup>11</sup> See Joint Statement, Stipulations – General Issues, Memorandum and Balancing Accounts and Stipulations – Operations & Maintenance Expenses, Administrative & General Expenses, Taxes.

**E. Taxes<sup>12</sup>**

1. The Settling Parties agree that Great Oaks' methods of calculating FICA, FUI, and SUI taxes are correct and shall be utilized for the employees and compensation authorized for all rate years, effective July 1, 2022.

References: Exhibit GOWC-2, WP15; Exhibit GOWC-5, p. 64; Exhibit GOWC-6, WP15; Exhibit CA-1, pp. 13-4 to 13-5; Exhibit CA-2, WP15.

2. The Settling Parties agree that Great Oaks' methods of calculating ad valorem and franchise taxes (Account 796) are correct and shall be used for all rate years, effective July 1, 2022.

References: Exhibit GOWC-2, WP16; Exhibit GOWC-5, p. 64; Exhibit GOWC-6, WP16, WP42; Exhibit CA-1, p. 13-5; Exhibit CA-2, WP16.

3. The Settling Parties agree that Great Oaks shall utilize the last-authorized California Corporate Franchise Tax when calculating Federal Income Taxes for ratesetting purposes for all rate years, effective July 1, 2022. The Settling Parties further agree that Great Oaks' method of calculating state and federal income taxes in all other respects are correct and result in just and reasonable amounts for ratesetting purposes.

References: Exhibit GOWC-2, WP43; Exhibit GOWC-5, pp. 63 – 64; Exhibit GOWC-6, WP43; Exhibit CA-1, pp. 12-1 to 12-2; Exhibit CA-2, WP43.

**F. Plant-in-Service Additions and Rate Base.<sup>13</sup>**

1. Plant-in-Service Additions – Rahway Water Main Extension Replacement (Account 343). The Settling Parties agree that the full cost of the Rahway Water Main Extension Replacement shall be included in Great Oaks' rate base. The total capital project cost was \$1,050,911.59. The project was originally approved in D.16-05-041 in the amount of \$323,180.00 and was included in rate base effective July 1, 2016. The additional amount of \$727,731.59 shall be included in rate base effective July 1, 2022.

<sup>12</sup> *Id.*

<sup>13</sup> *See* Joint Statement – Stipulations – Rate Base.

References: Exhibit GOWC-1, Exhibit D, Chapter 8; Exhibit GOWC-2, WP18; Exhibit GOWC-5, p. 52; Exhibit GOWC-6, WP18; Exhibit CA-1, p. 10-3.

2. Plant-in-Service Additions – Well 24A Land (Account 306) and Wells (Account 315). The Settling Parties agree that the full cost of the real property acquired by Great Oaks for Well 24A shall be included in Great Oaks' rate base in the amount of \$248,869 effective July 1, 2022. The Settling Parties also agree that the full cost of Well 24A shall be included in Great Oaks rate base in the amount of \$651,626 effective July 1, 2022. Both amounts are just and reasonable for these used and useful plant-in-service additions.

References: Exhibit GOWC-1, Exhibit D, Chapter 7; Exhibit GOWC-2, WP18; Exhibit GOWC-5, p. 52; Exhibit GOWC-6, WP18; Exhibit CA-1, p. 10-3.

3. Plant-in-Service Additions – Power Operated Equipment (Account 377).

- a. Portable Generators. In D.19-09-010, Great Oaks was authorized to add one portable generator to rate base at a cost of \$125,000. Great Oaks was able to purchase three (3) used portable generators at a total cost of \$167,425. The Settling Parties agree that all three portable generators are just and reasonable additions to rate base and that the additional amount of \$42,426 shall be added to Great Oaks' rate base effective July 1, 2022.
- b. "Bobcat" Tracked Vehicle Loader. Plant-in-Service Additions – Power Operated Equipment (Account 377). The Settling Parties agree that Great Oaks' replacement of its "Bobcat" tracked vehicle loader at a cost of \$25,389.71 was necessary and appropriate and that adding this amount to Great Oaks' rate base effective July 1, 2022 is just and reasonable.
- c. Forklift. The Settling Parties further agree that Great Oaks' replacement of its forklift at a cost of \$20,000 was necessary and appropriate and that adding this amount to Great Oaks' rate base effective July 1, 2022 is just and reasonable.

References: Exhibit GOWC-1, Exhibit D, Chapter 7; Exhibit GOWC-2, WP19; Exhibit GOWC-5, p. 52; Exhibit GOWC-6, WP19; Exhibit CA-1, p. 10-3.

4. Plant-in-Service Additions – Transmission & Distribution Mains (Account 343). The Settling Parties agree upon the amounts shown in the table below for each year covered by A.21-07-001. The Settling Parties agree that these amounts are for expected and routine additions and replacements in this account and that the amounts agreed upon are just and reasonable. The Settling Parties further agree that these amounts shall be added to Great Oaks’ rate base on the first day of each of the rate years.

Account	Test Year 2022/2023	Escalation Year 2023/2024	Attrition Year 2024/2025
343 T&D Mains	\$496,546	\$497,040	\$497,534

References: Exhibit GOWC-1, Exhibit D, Chapter 10; Exhibit GOWC-2, WP18; Exhibit GOWC-5, pp. 57 – 58; Exhibit GOWC-6, WP18; Exhibit CA-1, pp. 10-7 to 10-8; Exhibit CA-1, Attachments 41, 42, and 49.

5. Plant-in-Service Additions – Reservoirs and Tanks (Account 342). The Settling Parties agree upon the amounts shown in the table below for each year covered by A.21-07-001. The Settling Parties agree that amount for Test Year 2022/2023 includes the replacement of the exterior coatings on five water storage tanks and that such replacement is just and reasonable. The Settling Parties agree that the amounts for Escalation Year 2023/2024 and Attrition Year 2024/2025 are for expected and routine additions and replacements in this account and that the amounts agreed upon are just and reasonable. The Settling Parties further agree that the total amounts for each year shall be added to Great Oaks’ rate base on the first day of each rate year.

Account	Test Year 2022/2023	Escalation Year 2023/2024	Attrition Year 2024/2025
342 Reservoirs & Tanks	\$461,000	\$35,000	\$35,000

References: Exhibit GOWC-1, Exhibit D, Chapter 10; Exhibit GOWC-2, WP18; Exhibit GOWC-5, pp. 53 – 56; Exhibit GOWC-6, WP18; Exhibit CA-1, pp. 10-4 to 10-6; Exhibit CA-1, Attachments 38 and 44.

6. Plant-in-Service Additions – Hydrants (Account 348). The Settling Parties agree upon the amounts shown in the table below for each year covered by A.21-07-

001. The Settling Parties agree that these amounts are for expected and routine additions and replacements in this account and that the amounts agreed upon are just and reasonable. The Settling Parties further agree that the total amounts for each year shall be added to Great Oaks' rate base on the first day of each rate year.

Account	Test Year 2022/2023	Escalation Year 2023/2024	Attrition Year 2024/2025
348 Hydrants	\$23,730	\$23,967	\$24,039

References: Exhibit GOWC-2, WP18; Exhibit GOWC-3, p. 3; Exhibit GOWC-5, p. 60; Exhibit GOWC-6, WP18; Exhibit CA-1, pp. 10-10 to 10-11.

7. Plant-in-Service Additions – Pumping Equipment (Account 324). The Settling Parties agree that Great Oaks' request for authority to add a booster pump to the Calero Pump Station is necessary and appropriate and that Great Oaks is authorized to acquire and place the booster pump into service at a cost of \$67,600. The Settling Parties further agree that the amount of \$67,600 is to be added to Great Oaks' rate base effective July 1, 2022. This amount is in addition to the expected and routine additions and replacements in this account so that the total amounts added to rate base on the first day of each rate year covered by A.21-07-001 shall be the amounts shown in the table below. The Settling Parties agree that such amounts are just and reasonable.

Account	Test Year 2022/2023	Escalation Year 2023/2024	Attrition Year 2024/2025
324 Pumping Equipment	\$189,215	\$121,615	\$121,615

References: Exhibit GOWC-2, WP18; Exhibit GOWC-3; Exhibit GOWC-6, WP18; Exhibit CA-1, p. 10-11.

8. Plant-in-Service Additions – Transportation Equipment (Account 373). The Settling Parties agree upon the amounts shown in the table below for each year covered by A.21-07-001. The Settling Parties agree that these amounts are for expected and routine additions and replacements in this account and that the amounts agreed upon are just and reasonable. The Settling Parties further agree that the total amounts for each year shall be added to Great Oaks' rate base on the first day of each rate year.

Account	Test Year 2022/2023	Escalation Year 2023/2024	Attrition Year 2024/2025
373 Transportation Equipment	\$49,163	\$54,079	\$54,079

References: Exhibit GOWC-2, WP19; Exhibit GOWC-3, p. 4; Exhibit GOWC-6, WP19; Exhibit CA-1, p. 10-11.

9. Plant-in-Service Additions – Communications Equipment (Account 376). The Settling Parties agree upon the amounts shown in the table below for each year covered by A.21-07-001. The Settling Parties agree that these amounts are for expected and routine additions and replacements in this account and that the amounts agreed upon are just and reasonable. The Settling Parties further agree that the total amounts for each year shall be added to Great Oaks' rate base on the first day of each rate year.

Account	Test Year 2022/2023	Escalation Year 2023/2024	Attrition Year 2024/2025
376 Communications Equipment	\$68,981	\$69,671	\$70,437

References: Exhibit GOWC-2, WP19; Exhibit GOWC-3, p. 4; Exhibit GOWC-6, WP19; Exhibit CA-1, p. 10-11.

10. Plant-in-Service Additions – Tools, Shop, & Garage Equipment (Account 378). The Settling Parties agree upon the amounts shown in the table below for each year covered by A.21-07-001. The Settling Parties agree that these amounts are for expected and routine additions and replacements in this account and that the amounts agreed upon are just and reasonable. The Settling Parties further agree that the total amounts for each year shall be added to Great Oaks' rate base on the first day of each rate year.

Account	Test Year 2022/2023	Escalation Year 2023/2024	Attrition Year 2024/2025
378 Tools, Shop & Garage Equipment	\$7,569	\$7,645	\$7,729

References: Exhibit GOWC-2, WP19; Exhibit GOWC-3, p. 5; Exhibit GOWC-6, WP19; Exhibit CA-1, p. 10-11.

11. Plant-in-Service Additions – Office Furniture and Equipment, excluding Computers (Account 372). The Settling Parties agree upon the amounts for the years covered by A.21-07-001 as shown in the table below. The amount for Test Year 2022/2023 includes the cost of replacing office furniture (\$16,620), which the Settling Parties agree is necessary and useful. The Settling Parties agree that the remaining amounts are for expected and routine additions and replacements and are just and reasonable. The Settling Parties further agree that these amounts shall be added to Great Oaks' rate base on the first day of each rate year.

Account	Test Year 2022/2023	Escalation Year 2023/2024	Attrition Year 2024/2025
372 Office Furniture & Equipment (excl. Computers)	\$34,351	\$17,240	\$17,731

References: Exhibit GOWC-2, WP19; Exhibit GOWC-3, pp. 3 – 4; Exhibit GOWC-6, WP19.

12. Plant-in-Service Additions – Water Treatment Equipment (Account 332). The Settling Parties agree upon the amounts shown in the table below for each year covered by A.21-07-001. The Settling Parties agree that these amounts are for expected and routine additions and replacements in this account and that the amounts agreed upon are just and reasonable. The Settling Parties further agree that the total amounts for each year shall be added to Great Oaks' rate base on the first day of each rate year.

Account	Test Year 2022/2023	Escalation Year 2023/2024	Attrition Year 2024/2025
332 Water Treatment Equipment	\$10,000	\$10,000	\$10,000

References: Exhibit GOWC-2, WP18; Exhibit GOWC-6, WP18.

13. Plant-in-Service Depreciation Factors. The Settling Parties agree that Great Oaks shall use a term of 30 years as the depreciation factor for meters and meter installations, effective July 1, 2022, and that this will result in just and reasonable ratesetting treatment. The Settling Parties further agree that the depreciation factors utilized by Great Oaks for all other categories of plant-in-service categories are just and reasonable.

References: Exhibit GOWC-2, WP24b; Exhibit GOWC-5, pp. 61 – 62; Exhibit GOWC-6, WP24b; Exhibit CA-1, pp. 10-11 to 10-12; Exhibit CA-2, WP24b.

**G. Memorandum and Balancing Accounts.**<sup>14</sup> The Settling Parties agree on the continuation and disposition of the following memorandum and balancing accounts. Memorandum and balancing accounts not addressed below or that were authorized since the filing of A.21-07-001 are unaffected by these agreements.

1. Incremental Cost Balancing Accounts. Great Oaks has three statutory incremental balancing accounts authorized under Public Utilities Code §792.5: Pump Tax, Non-Agricultural Service; Pump Tax, Agricultural Service; and Purchased Power. All three of the incremental cost balancing accounts are just and reasonable in light of Standard Practice U-27-W. These accounts were authorized in the previous rate case.<sup>15</sup> The Settling Parties agree that Great Oaks is authorized to amortize the balances in these accounts following a final decision issued in this proceeding through a Tier 2 advice letter filing. The balances in these accounts may be combined with balances in other authorized memorandum and balancing accounts for purposes of amortization, as appropriate.

References: A.21-07-001 Application, pp. 7 – 9; Exhibit GOWC-5, pp. 43 – 50; Exhibit CA-1, pp. 8-1 to 8-12.

2. Pump Tax, Non-Agricultural Service. The Settling Parties agree that Great Oaks is authorized to maintain this balancing account and that doing so is just and reasonable.

References: A.21-07-001 Application, pp. 7 – 9; Exhibit GOWC-5, pp. 43 – 50; Exhibit CA-1, pp. 8-1 to 8-12.

3. Pump Tax, Agricultural Service. The Settling Parties agree that Great Oaks is authorized to maintain this balancing account and that doing so is just and reasonable.

<sup>14</sup> See Joint Statement, Stipulations – General Issues, Memorandum and Balancing Accounts and Stipulations – General Issues, Memorandum and Balancing Accounts.

<sup>15</sup> See A.18-07-002, Second Corrected Joint Motion of Great Oaks Water Company and the Public Advocates Office, Exhibit A at 35.



References: A.21-07-001 Application, pp. 7 – 9; Exhibit GOWC-5, pp. 43 – 50; Exhibit CA-1, pp. 8-1 to 8-12.

4. Purchased Power Balancing Account. The Settling Parties agree that Great Oaks is authorized to maintain this balancing account and that doing so is just and reasonable.

References: A.21-07-001 Application, pp. 7 – 9; Exhibit GOWC-5, pp. 43 – 50; Exhibit CA-1, pp. 8-1 to 8-12.

5. Customer Assistance Program Surcharge Balancing Account (formerly Low Income Customer Program Surcharge Balancing Account). The Settling Parties agree that Great Oaks is authorized to maintain this balancing account and that doing so is just and reasonable. The Settling Parties further agree that the terms and conditions of this balancing account shall be revised to change the names of the program and the balancing account in compliance with D.20-08-047.

References: A.21-07-001 Application, pp. 7 – 9; Exhibit GOWC-5, pp. 43 – 50; Exhibit CA-1, pp. 8-1 to 8-12.

6. Monterey-Style Water Revenue Adjustment Mechanism. The Settling Parties agree that Great Oaks is authorized to maintain and to continue to maintain this account and that doing so is just and reasonable.

References: A.21-07-001 Application, pp. 7 – 9; Exhibit GOWC-5, pp. 43 – 50; Exhibit CA-1, pp. 8-1 to 8-12.

7. Water Cost of Capital Adjustment Mechanism. The Settling Parties agree that Great Oaks is authorized to maintain this account and that doing so is just and reasonable.

References: A.21-07-001 Application, pp. 7 – 9; Exhibit GOWC-5, pp. 43 – 50.

8. Drinking Water Fees Memorandum Account. The Settling Parties agree that it is just and reasonable for this account to continue to be maintained by Great Oaks. The current version of this account is as authorized through Great Oaks' Advice Letter 306-W, with an effective date of November 29, 2021.

References: A.21-07-001 Application, pp. 7 – 9; Exhibit GOWC-5, pp. 43 – 50; Great Oaks Water Company Advice Letter 306-W and Water Division disposition thereof.

9. School Lead Testing Memorandum Account. The Settling Parties agree that Great Oaks is authorized to maintain this account and that doing so is just and reasonable.

References: A.21-07-001 Application, pp. 7 – 9; Exhibit GOWC-5, pp. 43 – 50.

10. Catastrophic Event Memorandum Account (October 2019 PSPS Events). The Settling Parties agree that this memorandum account should be amortized and closed following a final decision rendered in this proceeding. The amount to be amortized will be determined using a closing date of July 1, 2022. The amount being amortized in this account may be combined with balances from other memorandum and/or balancing accounts, as appropriate.

References: A.21-07-001 Application, pp. 7 – 9; Exhibit GOWC-5, pp. 43 – 50.

11. Catastrophic Event Memorandum Account (COVID-19 Pandemic Emergency). The Settling Parties agree that Great Oaks is authorized to maintain this account and that doing so is just and reasonable.

References: A.21-07-001 Application, pp. 7 – 9; Exhibit GOWC-5, pp. 43 – 50

12. Paycheck Protection Program Loan Memorandum Account. The Settling Parties agree that Great Oaks is authorized to maintain this account until a decision is made whether the loan received by Great Oaks is forgiven. When the loan is or is not forgiven, the account shall then be closed with no recovery permitted from ratepayers.

References: A.21-07-001 Application, pp. 7 – 9; Exhibit GOWC-5, pp. 43 – 50; Exhibit CA-1, pp. 8-1 to 8-12.

### **III. CONCLUSION**

The Settling Parties mutually agree that, based upon the terms and conditions set forth above, this Partial Settlement Agreement is reasonable, consistent with the law, and in the public interest. Great Oaks and Cal Advocates each represent that its signature to this Partial Settlement Agreement is authorized and binds each respective Party to this Agreement.

GREAT OAKS WATER COMPANY

By: Timothy S. Guster  
Timothy S. Guster,  
Vice President and General Counsel

Date: June 29, 2022

PUBLIC ADVOCATES OFFICE

By: Chris Ungson  
Chris Ungson, Deputy Director

Date: June 29, 2022

(END ATTACHMENT C)